

May 7, 2010

Randy Sekany
President
San Jose Fire Fighters, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

RE: IAFF, Local 230 Negotiations

Dear Randy:

We appreciate the package proposal that Local 230 provided on April 30, 2010. During our negotiation session on May 6, 2010, Local 230 indicated that the package proposal provided only includes economic items. In addition to the items in the package proposal, Local 230 has indicated that the package proposal also includes operational proposals. Local 230 identified those operational proposals as the following:

- Implementation of a 48/96 work schedule. Employees would be regularly assigned to work 48 continuous hours and be off for four days in a row.
- Incorporation of the Fire Fighter Bill of Rights in the Memorandum of Agreement.
- The placement of IAFF, Local 230 decals on Fire Department apparatus and helmets.

Unfortunately, the package proposal you provided falls significantly short of reaching the City Council direction. Further, it fails to include the pre-funding of retiree healthcare, which is a very important issue. As you know, all employee units with the exception of Local 230 have been phasing in to fully pre-fund retiree healthcare.

The City carefully considered Local 230's package proposal dated April 30, 2010, and provided a counter package proposal during the negotiation session of May 6, 2010. The City's package included Local 230's concept of having employees make additional retirement contributions to pay for a portion of the City's retirement pension contribution. The City's package proposal achieves the City Council's direction to achieve a 10% reduction in total compensation costs, which is approximately \$13.5 million¹ for Local 230, based on the Fiscal Year 2010-2011 Base Budget. These savings would lessen the number of layoffs necessary and would help preserve important services to the community.

¹ These numbers are based on the Fiscal Year 2010-2011 Base Budget and are subject to change upon adoption of the Fiscal Year 2010-2011 Budget. The actual savings may vary based on the Budget the Council adopts.

The City's package proposal for settlement does not include all of the City's issues and interests. In the event this package proposal is not accepted, the City reserves the right to modify, amend and/or add proposals, including, but not limited to, the effective dates of the specific changes. If the City and Union proceed to arbitration, final proposals are not limited and need not reflect the issues or proposals made during bargaining.

As we indicated, the City faces a deadline of June 3, 2010, for completing negotiations in time for balancing the budget for Fiscal Year 2010-2011. We look forward to receiving a response to the City's package proposal as soon as possible. If Local 230 rejects the City's package proposal, we request a counter proposal from Local 230 on or before the next negotiation session, which is scheduled for Tuesday, May 11th.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Gurza', with a long horizontal flourish extending to the right.

Alex Gurza
Director of Employee Relations

c: Darryl Von Raesfeld, Fire Chief
Teresa Reed, Assistant Fire Chief
Chris Platten, IAFF, Local 230 Legal Counsel